

62-5715/

JUL 17 1962

*cc: [unclear]*

The Honorable John W. McCormack  
Speaker of the House of  
Representatives  
Washington 25, D. C.

Dear Mr. Speaker:

This report is submitted pursuant to Section 3 of  
Public Law 85-934 (42 U.S.C. 1893).

During Fiscal Year 1962 the Central Intelligence  
Agency made one grant under the authority of Public Law  
85-934. This was made to [redacted]

[redacted] Washington, D. C., in the amount  
of [redacted] No title to equipment was invested  
pursuant to the statute.

Faithfully yours,

(Signed) Marshall S. Carter

Marshall S. Carter  
Lieutenant General, USA  
Deputy Director

Compt/Fiscal/GR/jc  
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62-5715/2

The Honorable Lyndon B. Johnson  
President of the Senate  
Washington 25, D. C.

Dear Mr. Johnson:

This report is submitted pursuant to Section 3 of  
Public Law 85-934 (42 U.S.C. 1893).

During Fiscal Year 1962 the Central Intelligence  
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Rewritten: Compt (25 Jul 62)

62-5715

2 AUG 1962

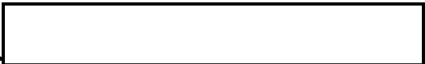
MEMORANDUM FOR: General Carter

SUBJECT : Report on Grants for Scientific Research

1. The Congress approved legislation in 1958 that permitted the head of each agency to, among other things, make grants to nonprofit institutions of higher education for the support of basic scientific research. The head of each agency "shall make an annual report ... (setting forth) the number of grants ... the dollar amount of such grants, and the institutions in which title to equipment was vested ...".

2. The report is referred to the House Committee on Government Operations and the Senate Committee on Science and Astronautics. We understand that this report is used only by the Committees and is not published.

3. The Fiscal Year 1962 report, covering a language translation grant, is attached for your signature.

  
JOHN A. BROSS  
Comptroller

25X

Attachment

SENDER WILL CHECK CLASSIFICATION TOP AND BOTTOM

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|--|--|--------------------------|--------------|--------------------------|----------------|
| <b>CENTRAL INTELLIGENCE AGENCY<br/>OFFICIAL ROUTING SLIP</b> |  |                          |              |                          |                |
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| <input type="checkbox"/>                                     | CONCURRENCE  | <input type="checkbox"/> | INFORMATION  | <input type="checkbox"/> | SIGNATURE      |

**Remarks:**

2 letters attached:

lcc - Honorable John W. McCormick  
lcc - Honorable Lyndon B. Johnson

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FROM: NAME, ADDRESS AND PHONE NO.

DATE

Comptroller - 6E-69 HQ

26 Jul 62

STATOTHR

Approved For Release 2003/02/27 : CIA-RDP80B01676R002800260010-5

Next 4 Page(s) In Document Exempt

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| <p>2 letters attached:</p> <p>lcc - Honorable John W. McCormick</p> <p>lcc - Honorable Lyndon B. Johnson</p> |                  |                          |                |
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CENTRAL INTELLIGENCE AGENCY  
OFFICIAL ROUTING SLIP

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Remarks:

John Bross is correct in his memo to you that little current use is made of these reports but whenever changes in the law are under consideration they do look to reports for any useful information. In any event, the law requires the reports and we have discussed this with Judiciary Committee and they look for them from all agencies.

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| FROM: NAME, ADDRESS AND PHONE NO. | DATE      |
| Legislative Counse - 7 D 07       | 10 Aug 62 |



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| Executive Registry |
| 62-5726            |

11 AUG 1962


MEMORANDUM FOR: General Carter

SUBJECT : Report on Federal Tort Claims

1. The Congress approved legislation in 1948 that permitted the head of each federal agency, or his designee, to settle claims for money damages against the United States (the present limit on such claims is \$2,500). The legislation further provided that "The head of each agency shall report annually to Congress all claims paid by it ..., stating the name of each claimant, the amount claimed, the amount awarded, and a brief description of the claim."

2. Since no exemptions from reporting were provided, the Agency has submitted a report each year. The report is referred to the Committee on the Judiciary. It is our understanding that the Congress makes little, if any, use of the report.

3. The report for Fiscal Year 1962 is attached for your signature. The claims listed are the result of automobile accidents involving Agency vehicles. STATINTL

  
JOHN A. BROSS  
Comptroller

Attachment

67-5860

*4000*

Honorable Tom Murray, Chairman  
Committee on Post Office and  
Civil Service  
House of Representatives  
Washington 25, D. C.

Dear Mr. Murray:

For some time this Agency has considered the question of a more adequate retirement system for certain limited numbers of Agency employees. Since I became Director of Central Intelligence, this problem has been studied most carefully and I have concluded that a retirement system similar to that of the Foreign Service for a portion of our employees would meet Agency requirements.

Recently I transmitted a legislative proposal for this purpose for consideration of the Congress. For your information I enclose a copy of my letter of 14 August 1962 to the Speaker with a proposed bill attached. Basically the proposed legislation would authorize the Agency to establish a retirement system for certain of its employees corresponding to the system available for Foreign Service Officers. The Civil Service Retirement Act would remain the basic retirement system for the majority of our employees.

The legislation takes the form of an amendment to the Central Intelligence Agency Act of 1949, as amended, and, consequently, when it was received in the House of Representatives it was referred to the Committee on Armed Services. Knowing of your interest in and concern for Federal employees including the general area of retirement, I wished to bring this proposal to your attention. If you would like additional information concerning this proposal please let me know and I will be most pleased to discuss this with you.

Sincerely,

(Signed) JOHN A. MCCONE

John A. McCone  
Director

Enclosure

STATINTL

Approved For Release 2003/02/27 : CIA-RDP80B01676R002800260010-5

Approved For Release 2003/02/27 : CIA-RDP80B01676R002800260010-5

62-5771

14 August 1962

✓  
HONORABLE  
HONORABLE Lyndon B. Johnson  
President of the Senate  
Washington, D. C.

Dear Mr. Johnson:

This letter transmits for the consideration of the Congress a proposed amendment to the Central Intelligence Agency Act of 1949, as amended. The proposed bill permits the Agency to improve its retirement program by authorizing the establishment of a retirement system corresponding to that of the Foreign Service. The Central Intelligence Agency needs to attract and retain a force of highly motivated careerists who are intensively trained in unique skills. However, the Agency is unable in fact to provide full-term careers for many individual officers. In order to minimize the adverse effects of necessary programs of managed attrition and to preserve its ability to recruit and retain the high caliber personnel it needs, the Agency must make reasonable provision for the future of those individuals who must be separated before completing a full-term career of thirty or so years. Therefore, Section 3 of the proposed bill adds a new paragraph (g) to Section 5 of the Central Intelligence Agency Act of 1949, as amended, authorizing the Director of Central Intelligence to exercise the authority available to the Secretary of State under the Foreign Service Act of 1946, as amended, in order to establish a retirement and disability system corresponding to that available to Foreign Service Officers for a limited number of Agency employees.

Since all provisions pertaining to the retirement of Foreign Service Officers are not contained in a single Title of the Foreign Service Act and since it is possible that future amendments relating to retirement may occur elsewhere than in Title VIII, which is entitled "The Foreign Service Retirement and Disability System," it is necessary to make general provision for the Director of Central Intelligence to adopt provisions of law applicable to Foreign Service Officers for Agency employees. Additionally, most of the basic travel allowances and overseas benefits available to Foreign Service personnel are authorized for Agency employees by existing Section 4 of the Central Intelligence Agency Act of 1949, as amended. However, amendments to the Foreign Service Act over the years have of necessity required the Agency to seek legislation periodically in order to keep such authorities up to date and uniform with those available to Foreign Service personnel. Consequently, it is now proposed that the existing Section 4 of the Central Intelligence

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Agency Act be rescinded by Section 2 of the proposed bill. In lieu of the rescinded authorities, the new Section 4 of the Central Intelligence Agency Act authorizes the Director to adopt and apply to Agency employees provisions of law applicable to Foreign Service personnel and to exercise with respect to Agency employees the authority available to the Secretary of State for the purpose of having Agency employees accorded appropriate benefits, rights, and allowances now authorized for Foreign Service Officers.

We consider enactment of the proposed bill to be essential to the effective performance of our mission and would appreciate early and favorable consideration. The Bureau of the Budget has advised that there is no objection to the presentation of the proposed bill to the Congress from the standpoint of the Administration's program.

Sincerely,

/s/

John A. McCone  
Director

Enclosure

Distribution:

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1 - ER  
1 - DD/S  
1 - ExDir  
1 - Comptroller  
2 - Leg Counsel  
2 - D/Pers

A BILL

To amend the Central Intelligence Agency Act of 1949, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Central Intelligence Agency Act Amendments of 1962."

Sec. 2. Section 4 of the Central Intelligence Agency Act of 1949, as amended, and the heading thereto is amended to read as follows:

"Officer and Employee Allowances and Benefits

"Sec. 4. In the performance of the functions of the Central Intelligence Agency, the Director is authorized:

(a) to adopt or apply to officers and employees of the Agency such provisions regarding officer and employee allowances and benefits, as he may determine to be necessary and appropriate, of the Foreign Service Act of 1946, as heretofore or hereafter amended, and of any other law pertaining specifically, or generally applicable, to Foreign Service officers, Foreign Service reserve officers, and Foreign Service staff officers and employees;

(b) to exercise with respect to officers and employees of the Agency such authorities, as he may determine to be necessary and appropriate, available to the Secretary of State under provisions of any such laws in order to make available to Agency officers and employees similar benefits, rights, privileges, and allowances authorized thereunder;

(c) to prescribe regulations for the granting of officer and employee allowances and benefits and for the exercise of the authorities set forth in this section."

Sec. 3. Section 5 of the Central Intelligence Agency Act of 1949, as amended, is amended by the addition of a new paragraph (g) as follows:

"(g) Under such regulations as the Director may prescribe the Director is authorized to exercise the authority available to the Secretary of State with respect to the establishment of a retirement and disability system under the Foreign Service Act of 1946, as heretofore or hereafter amended, in order to establish a corresponding retirement and disability system for such individuals and classes or groups of Agency officers and employees as he may designate from time to time."

SECRET

62-5773

14 August 1962

Honorable Richard B. Russell/  
Chairman, Senate Armed Services Committee  
United States Senate  
Washington, D. C.

Dear Senator Russell:

Recently I spoke to you about the possibility of submitting legislation to the Congress in this session relating to an improved retirement program for certain limited numbers of Agency employees. Since that time, the Bureau of the Budget has studied our proposal intensively. We were advised yesterday that the Bureau of the Budget would have no objection to the presentation of a proposed bill from the standpoint of the Administration's program.

I have today written to the President of the Senate and the Speaker of the House transmitting copies of the draft bill and am enclosing copies of these letters for your information. In addition, I am attaching an "Explanation and Justification" of this proposed bill which is necessarily classified SECRET. The classified portions of the text are enclosed in brackets. Deletion of the classified material would make available appropriate material for inclusion in a Committee report.

Your cooperation will be appreciated since I believe this matter has considerable urgency. Please advise if I can provide any additional information or be of any possible assistance.

Sincerely,

/s/

John A. McCone  
Director

Enclosures - 3

Distribution:

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1 - DDCI 2 - Leg Counsel  
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62-5771

14 August 1962

Honorable Lyndon B. Johnson  
President of the Senate  
Washington, D. C.

Dear Mr. Johnson:

This letter transmits for the consideration of the Congress a proposed amendment to the Central Intelligence Agency Act of 1949, as amended. The proposed bill permits the Agency to improve its retirement program by authorizing the establishment of a retirement system corresponding to that of the Foreign Service. The Central Intelligence Agency needs to attract and retain a force of highly motivated careerists who are intensively trained in unique skills. However, the Agency is unable in fact to provide full-term careers for many individual officers. In order to minimize the adverse effects of necessary programs of managed attrition and to preserve its ability to recruit and retain the high caliber personnel it needs, the Agency must make reasonable provision for the future of those individuals who must be separated before completing a full-term career of thirty or so years. Therefore, Section 3 of the proposed bill adds a new paragraph (g) to Section 5 of the Central Intelligence Agency Act of 1949, as amended, authorizing the Director of Central Intelligence to exercise the authority available to the Secretary of State under the Foreign Service Act of 1946, as amended, in order to establish a retirement and disability system corresponding to that available to Foreign Service Officers for a limited number of Agency employees.

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Agency Act be rescinded by Section 2 of the proposed bill. In lieu of the rescinded authorities, the new Section 4 of the Central Intelligence Agency Act authorizes the Director to adopt and apply to Agency employees provisions of law applicable to Foreign Service personnel and to exercise with respect to Agency Employees the authority available to the Secretary of State for the purpose of having Agency Employees accorded appropriate benefits, rights, and allowances now authorized for Foreign Service Officers.

We consider enactment of the proposed bill to be essential to the effective performance of our mission and would appreciate early and favorable consideration. The Bureau of the Budget has advised that there is no objection to the presentation of the proposed bill to the Congress from the standpoint of the Administration's program.

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(b) to exercise with respect to officers and employees of the Agency such authorities, as he may determine to be necessary and appropriate, available to the Secretary of State under provisions of any such laws in order to make available to Agency officers and employees similar benefits, rights, privileges, and allowances authorized thereunder;

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62-5772

14 August 1962

Honorable John W. McCormack  
Speaker of the House of Representatives  
Washington, D. C.

Dear Mr. Speaker:

This letter transmits for the consideration of the Congress a proposed amendment to the Central Intelligence Agency Act of 1949, as amended. The proposed bill permits the Agency to improve its retirement program by authorizing the establishment of a retirement system corresponding to that of the Foreign Service. The Central Intelligence Agency needs to attract and retain a force of highly motivated careerists who are intensively trained in unique skills. However, the Agency is unable in fact to provide full-term careers for many individual officers. In order to minimize the adverse effects of necessary programs of managed attrition and to preserve its ability to recruit and retain the high caliber personnel it needs, the Agency must make reasonable provision for the future of those individuals who must be separated before completing a full-term career of thirty or so years. Therefore, Section 3 of the proposed bill adds a new paragraph (g) to Section 5 of the Central Intelligence Agency Act of 1949, as amended, authorizing the Director of Central Intelligence to exercise the authority available to the Secretary of State under the Foreign Service Act of 1946, as amended, in order to establish a retirement and disability system corresponding to that available to Foreign Service Officers for a limited number of Agency employees.

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Agency Act be rescinded by Section 2 of the proposed bill. In lieu of the rescinded authorities, the new Section 4 of the Central Intelligence Agency Act authorizes the Director to adopt and apply to Agency employees provisions of law applicable to Foreign Service personnel and to exercise with respect to Agency Employees the authority available to the Secretary of State for the purpose of having Agency Employees accorded appropriate benefits, rights, and allowances now authorized for Foreign Service Officers.

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S-E-C-R-E-T

### EXPLANATION AND JUSTIFICATION

(Note: Bracketed portions only are classified.)

#### 1. Purpose of Proposed Bill

a. The proposed bill permits the Agency to improve its retirement program by authorizing the establishment of a retirement system corresponding to that of the Foreign Service. The Central Intelligence Agency needs to attract and retain a force of highly motivated careerists who are intensively trained in unique skills. However, the Agency is unable in fact to provide full-term careers for many individual officers. In order to minimize the adverse effects of necessary programs of managed attrition and to preserve its ability to recruit and retain the high caliber personnel it needs, the Agency must make reasonable provision for the future of those individuals who must be separated before completing a full-term career of thirty or so years. Therefore, Section 3 of the proposed bill adds a new paragraph (g) to Section 5 of the Central Intelligence Agency Act of 1949, as amended, authorizing the Director of Central Intelligence to exercise the authority available to the Secretary of State under the Foreign Service Act of 1946, as amended, in order to establish a retirement and disability system corresponding to that available to Foreign Service Officers for a limited number of Agency employees.

b. Since all provisions pertaining to the retirement of Foreign Service Officers are not contained in a single Title of the Foreign Service Act and since it is possible that future amendments relating to retirement may occur elsewhere than in Title VIII, which is entitled "The Foreign Service Retirement and Disability System," it is necessary to make general provision for the Director of Central Intelligence to adopt provisions of law applicable to Foreign Service Officers for Agency employees. Additionally, most of the basic travel allowances and overseas benefits available to Foreign Service personnel are authorized for Agency employees by existing Section 4 of the Central Intelligence Agency Act of 1949, as amended. However, amendments to the Foreign Service Act over the years have of necessity required the Agency to seek legislation periodically in order to keep such authorities up to date and uniform with those available to Foreign Service personnel. Consequently, it is now proposed that the existing Section 4 of the Central Intelligence Agency Act be rescinded by Section 2 of the proposed bill. In lieu of the rescinded authorities, the new Section 4 of the Central Intelligence Agency Act authorizes the Director to adopt and apply to Agency employees provisions of law applicable to Foreign Service personnel and to exercise with respect to Agency employees the authority available to the Secretary of State for the purpose of having Agency employees accorded appropriate benefits, rights, and allowances now authorized for Foreign Service Officers.

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S-E-C-R-E-T

2. Problem

All regular employees of the Central Intelligence Agency are at present covered by the provisions of the Civil Service Retirement Act. Such coverage is appropriate for those whose conditions, obligations, and terms of service are comparable to those of federal employees generally. However, the Agency has a serious problem in its need to make more adequate provision for certain of its employees who should be retired at an earlier age and with a more equitable annuity than can be provided under the Civil Service Retirement Act. This need stems from the fact that the Agency cannot provide to or expect from many individuals in its service a full-term working career of thirty or so years.

3. Background

a. The conditions underlying this situation are complex. For some years, the Agency has recognized that it faces a serious dilemma. On the one hand, the nature of its mission requires the employment of people who are highly motivated and who develop unique and specialized abilities through their continuing training and service over the years. Moreover, the nature of the Agency's mission requires that a substantial proportion of its personnel accept, as do members of the military services and the Foreign Service, the obligation to serve anywhere in the world at the Agency's direction---not at their own will---and to be available for duty on a 24-hour-a-day basis. In sum, the employment of people to serve on a career basis is essential to fill the majority of the Agency's requirements for personnel. On the other hand, factors directly related to the nature and conditions of service in the intelligence field and factors affecting the ability and desire of individuals to remain in such work on a long-term basis make it infeasible to provide full-term employment for all careerists.

b. The nature of the work involved in the Agency's operations requires people who have a high degree of vigor, vitality, endurance, resilience, and adaptability. Such traits are required to cope with the stresses and strains occasioned by uneven and uncertain hours and days of work, duty in unhealthy locations with less than adequate medical facilities, or arduous, and not infrequently hazardous, assignments.



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e. The dynamic nature of intelligence produces sudden and sometimes radical shifts in the types of personnel required. Completion of a mission of a temporary nature or a shift in emphasis or direction of operations may result in an overabundance of officers who are skilled in a relatively narrow field. Their primary qualifications thus become obsolete or unneeded and they become "occupationally surplus."

#### 4. Manpower Control

a. The Agency finds it increasingly necessary to impose manpower controls to ensure appropriate alignment as to age, qualifications, and other characteristics of its employees [engaged in conducting or supporting foreign intelligence operations]. Insofar as possible, imbalances should be and are corrected by the reassignment of officers who cannot or should not continue in such work to other fields of work in the Agency. It is a certainty, nonetheless, that encouraged and induced attrition will be necessary. A program of managed attrition, however, is feasible only if it is linked with a system of retirement benefits which are sufficient to induce an employee or a prospective employee to take the risk that he may be one of those individuals who cannot serve a full-term career.

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c. As part of its manpower control program, the Agency has instituted administrative procedures for identifying employees who become surplus to its needs because of the several factors described above and has recently engaged in an exercise which will result in the separation of approximately 150 such individuals. This process was made the more painful because of the relatively inadequate assistance which the Agency could offer those separated in making occupational transfers or in retiring prematurely. The benefits available were limited to those provided under the discontinued service provisions of the Civil Service Retirement Act and to modest separation compensation payments from the Agency which are related to years of service and salary.

#### 5. Proposed Retirement System

a. In order to minimize the adverse effects of such programs on the Agency's ability to recruit and retain the caliber of personnel needed, and particularly to minimize their effects on the dedicated personnel already in the service of the Agency, better provision must be made for the futures of those individuals who are separated before completing a full-term career. An important means for doing so is to establish a retirement system permitting earlier retirement with a more nearly adequate and equitable annuity than is possible under the civil service retirement system. The Foreign Service system is more suitable for those Agency employees whose careers have involved comparable conditions of service. Appendix A compares the pertinent provisions of the Foreign Service and the civil service retirement systems. This chart is based on a similar chart appearing in the Report of the House Committee on Foreign Affairs in the 2nd session of the 86th Congress. It was prepared at that time in connection with proposed amendments to the Foreign Service Act of 1946, as amended, relating to the retirement system which proposals were subsequently enacted into law.

b. Aside from the additional special requirements applicable to Agency employment, employees who serve overseas are subject to essentially the same conditions of service which were the basis for the development of the Foreign Service retirement system. By adopting a system corresponding to the Foreign Service system, the Agency can take advantage of the considerable study and experience which have gone into its development.

c. Such a retirement system would not be appropriate for all Agency employees and it is not the Agency's intention in requesting authority to

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establish such a system to apply it to all. The employees who are to be designated for coverage under this system will undergo a field selection process. / [REDACTED]

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7. Cost Estimates

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APPENDIX A

COMPARISON OF FOREIGN SERVICE RETIREMENT  
AND DISABILITY SYSTEM WITH PERTINENT PROVISIONS  
OF THE CIVIL SERVICE RETIREMENT SYSTEM



# COMPARISON OF FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM WITH PERTINENT PROVISIONS OF THE CIVIL SERVICE RETIREMENT SYSTEM\*

| (1)<br>Items   | (2)<br>CSR  | (3)<br>FSR  | (4)<br>Section                             | (5)<br>Comments  |
|--|---|---|--|--|
| A. Coverage.....                                     | Government employees generally, unless temporary, intermittent or subject to another Federal retirement system.   | All FSO's, plus non-FSO's who have served as chiefs of mission for an aggregate period of 20 years or more; Foreign Service Staff (FSS) officers and employees with 10 or more years of continuous service in the Foreign Service.  | 803  | Most Staff officers and employees and Foreign Service Reserve officers are presently covered by CSR.   |
| B. Contributions:                                    |   |   |  |  |
| 1. Compulsory.....                                   | 6½ percent of employee's basic salary.<br>Agency contribution of 6½ percent of employee's basic salary.   | 6½ percent of employee's basic salary.<br>Agency contribution of 6½ percent of employee's basic salary.   | 811  | FSR same as CSR.   |
| 2. Voluntary.....                                    | Maximum 10 percent of total basic salary received since Aug. 1, 1920. Payable in multiples of \$25.   | Maximum of 10 percent of total basic salary received since July 1, 1939. Payable in multiples of 1 percent.   | -----                                      | Do.<br><br>Approximately same as CSR.  |
| C. Benefits:   |   |   |  |  |
| 1. Annuity.....                                      | Annuity.—Based on high 5 average years of salary 1½ percent times 5 years, plus 1¾ percent times next 5 years, plus 2 percent times all years over 10 years of creditable service. Annuity not to exceed 80 percent of high 5 average salary.   | Based on high 5 average years of salary 2 percent times total number years creditable service not to exceed 35 years.   | 821  | CSR provides maximum 80 percent high 5 average. FSR provides maximum 70 percent high 5 average.  |
| 2. Reduced annuities.....                            | Reduced annuity with benefits to widow or widower. Corresponding benefits to each dependent child.  | Surviving children, widowers, and dependent widowers may be included as survivor annuitants.  | 804  | FSR provides survivorship benefits comparable to those of CSR.   |
| 3. Survivor annuities:<br>(a) Married participant... | Basic general formula.—Widow or widower (if survivor annuity elected by retiring employee): ½ of all or whatever portion of earned annuity specified as base. Annuity terminates on death or remarriage.<br><br>Employee's annuity reduced by 2½ percent of 1st \$2,400 of any amount specified as base for survivor benefits plus 10 percent of the amount over \$2,400 up to the full amount of employee's annuity, if specified.<br><br>Children:<br>A surviving wife or husband: 40 percent of average salary divided by number of children, \$600; or \$1,800 divided by number of children, whichever is lesser.<br>No surviving wife or husband: ½ average salary divided by number of children; \$720; or \$2,160 divided by number of children, whichever is lesser.<br>Children annuities terminate at age 18 (or on recovery from incapacity after 18), marriage or death. On termination of any child's annuity by death, wife or husband's annuity by death, | Widow or widower (if survivor annuity elected by retiring employee): ½ of all or whatever portion of earned annuity specified as base. Annuity terminates only on death of widow or widower.<br><br>Employee's annuity reduced by 2½ percent of 1st \$2,400 of any amount specified as base for survivor benefits plus 10 percent of the amount over \$2,400 up to the full amount of employee's annuity, if specified.<br><br>Children:<br>A surviving wife or husband: 40 percent of average salary divided by number of children; \$600; or \$1,800 divided by number of children, whichever is lesser.<br>No surviving wife or husband: ½ average salary divided by number of children; \$720; or \$2,160 divided by number of children, whichever is lesser.<br>Children annuities terminate at age 18 (or on recovery from incapacity after 18), marriage or death. On termination of any child's annuity by death, wife or husband's annuity by death, | 821<br><br>-----<br><br>-----<br><br>----- | Important difference in the FSR provision is that the annuity of a surviving widow or widower terminates only on death of such survivor.<br><br>FSR same as CSR.<br><br>Do.<br><br>Do. |

\* INFORMATION TAKEN FROM CHART ENTITLED "COMPARISON OF MAJOR PROPOSED CHANGES IN THE FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM WITH PERTINENT PROVISIONS OF THE CIVIL SERVICE RETIREMENT SYSTEM" APPEARING IN HOUSE OF REPRESENTATIVES REPORTS NOS. 1890 AND 2104, 86TH CONGRESS, 2D SESSION, FOREIGN SERVICE ACT AMENDMENTS OF 1960.

| (1)<br>Items                                   | (2)<br>CSR  | (3)<br>FSR   | (4)<br>Section | (5)<br>Comments  |
|--|---|--|----------------|--|
| <b>C. Benefits—Continued</b>                   |   |  |                |  |
| (b) Unmarried participant.                     | annuities of surviving children are recomputed as though person whose annuity was terminated had not survived deceased employee.<br>Person in whom annuitant has insurable interest (if survivorship and reduced annuity elected): $\frac{1}{2}$ of participant's reduced annuity. Retiring employee's annuity reduced 10 to 40 percent depending on difference between his age and age of person designated to receive survivor annuity. Survivor annuity continues for life.  | annuities of surviving children are recomputed as though person whose annuity was terminated had not survived deceased employee.<br>Designated beneficiary: $\frac{1}{4}$ of participant's reduced annuity. Retiring employee's annuity reduced 10 to 40 percent depending on difference between his age and age of person designated to receive survivor annuity. Survivor's annuity continues for life.  | 821            | FSR does not require that the designated beneficiary have an insurable interest.   |
| 4. Death in service:<br>(a) Widow-widower..... | Widow or dependent widower: $\frac{1}{2}$ of participant's earned annuity payable until death or remarriage or until widower becomes capable of self-support.   | Widow or dependent widower: $\frac{1}{2}$ of participant's earned annuity payable until death of surviving widow or dependent widower or until dependent widower becomes capable of self-support.  | 832            | FSR provides continuation of widow's annuity until death and allows the survivor to receive the annuity based on at least 20 years of service. |
| (b) Children:                                  | Children:<br>A surviving wife or husband: 40 percent average salary divided by number of children; \$600; or \$1,800 divided by number of children, whichever is lesser.<br>No surviving wife or husband: $\frac{1}{4}$ average salary divided by number of children; \$720; or \$2,160 divided by the number of children, whichever is lesser.   | Children:<br>A surviving wife or husband: 40 percent of average salary divided by number of children; \$600; or \$1,800 divided by number of children, whichever is lesser.<br>No surviving wife or husband: $\frac{1}{4}$ average salary divided by number of children; \$720; or \$2,160 divided by the number of children, whichever is lesser.   | 832            | FSR same as CSR.   |
| 5. Disability retirement.....                  | After 5 years of civilian service: Same as full age and service benefit. (Guaranteed 40 percent of average salary or annuity projected to age 60 whichever is lesser.)<br><br>Elective survivor benefits based on actual years of service credit.   | Excludes from initial 5 years' free credit granted for military service for which no contribution has been made to the fund. Limits amount of extra service credit that can be accredited to a disability annuitant to the difference between his age at the time of retirement and the mandatory retirement age applicable to his class in the Service.<br><br>Elective survivor benefits based on service credit upon which participant's annuity is computed. | 831            | FSR same as CSR.   |
| (a) Tax exemption.....                         | No provision.....   | Exempts disability annuity from Federal income tax.  | 51             | FSR provides tax exemptions.   |
| (b) Bar to double annuity                      | If receiving disability compensation under Federal Employees' Compensation Act, Sept. 7, 1916, is not eligible for annuity for same period but not barred from greater benefit of either act. Also is not barred from receiving annuity under this act by reason of own services while receiving concurrently any payment under Federal Employees' Compensation Act by reason of death of some other person. If awarded lump sum under sec. 17 of FEC, amount covering period beyond effective date of annuity must be refunded to U.S. Employees' Compensation | Same as civil service.....   | 831            | FSR same as CSR.   |

| (1)<br>Items  | (2)<br>CSR   | (3)<br>FSR   | (4)<br>Section | (5)<br>Comments   |
|---|--|--|----------------|---|
| <b>C. Benefits--Continued</b>                                   |  |  |                |   |
| 6. Discontinued service retirement.                             | ation Commission or be deducted from annuity payments for that purpose. Deferred annuity payable at 62 if separated employee has 5 years of civilian service credit.   | Deferred annuity payable at age 60 if separated employee has 5 years of civilian service credit.   | 834            | FSR provides payment of deferred annuity at age 60.   |
| 7. Disposition of contributions in excess of benefits received. | If deceased individual's contributions are not returned in the form of annuity (to individual or his survivors), the unreturned contributions must be paid to a designated beneficiary; or in an order of precedence to widow, children, parents, etc.   | If deceased individual's contributions are not returned in the form of annuity (to individual or his survivors), the unreturned contributions must be paid to a designated beneficiary; or in an order of precedence to widow, children, parents, etc.                               | 841            | FSR aligns precedence provisions with those of CSR.   |
| <b>D. Creditable service:</b>                                   |  |  |                |   |
| 1. Leave without pay.....                                       | Includes: Leave of absence without pay granted during covered employment while performing active honorable military service;   | Includes: Leave of absence for active military or naval service.   | 851            | FSR same as CSR.  |
| 2. District of Columbia employment.                             | Leave of absence without pay granted during covered employment while receiving FEC benefits;   | Includes leave of absence granted during covered employment while receiving FEC benefits.  | -----          | Do.   |
| 3. Transfer of funds.....                                       | Civilian employment with District of Columbia government.  | Includes civilian employment with District of Columbia government.   | 852            | Do.   |
|   | No provision.....  | Provides for direct transfer to FSR fund of all regular contributions (with interest) made by officer or employee to other Government retirement system under which previously covered. Funds transfer discharges other system of all benefit obligations based on service involved. | 852            | At present persons becoming participants in FSR system may purchase prior service credit by making a special contribution to FSR fund for such amount of service credit as they elect to purchase. The new provision provides for the automatic transfer of contributions in another Government system to the FSR fund when a person becomes a participant in the FSR system by transfer from other Government service. |
| <b>E. Officers recalled or reinstated.....</b>                  |  |  |                |   |
|   | No provision exactly comparable.   | Recomputation of annuity of an officer recalled in the Service and retired a second time.  | 871            |   |
| <b>F. Reemployment of annuitants.....</b>                       |  |  |                |   |
|   | Any annuitant reemployed after retirement for age or based on voluntary separation or an involuntary separation for cause, or if retired for disability and is age 60 or over at the time of reemployment, retains his full annuity, but the salary of his position must be reduced by the amount of annuity received. | Provides that reemployed Foreign Service annuitants receive full salary of the position appointed plus portion of their annuity which when added to the salary would equal the base salary received at time of retirement from the Foreign Service.                                  | 872            | FSR provides for potential higher combined income for reemployed Foreign Service annuitants and provides authority to reemploy FSO retired for age.   |

ER 62-5518/2

1 August 1962

The Honorable Thomas J. Dodd  
United States Senate  
Washington 25, D. C.

Dear Senator Dodd:

Your letter of 1 August arrived as Mr. McCone was preparing to leave the city for a few days.

Mr. McCone read your letter on the way to the airport, and asked me to tell you that he will be in touch with you on the matter you raised when he returns.

Sincerely,

/s/

[Redacted]  
Executive Assistant

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O/DCI/[Redacted]d (2 Aug 62)  
Orig & 1 - Addressee, via Leg. Counsel  
1 - O/DCI (WE)  
1 - DDCI  
1 - Ex. Dir.  
✓ 1 - ER  
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